

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13500 REVENUE CODES / WORKLOAD CODES

GTAM 13510 Rules of Revenue Codes

We use revenue codes to monitor assessment/refund activity. We identify all such transactions, entered on taxpayer accounts, by the revenue code. The revenue code is a seven-digit numeric activity code composed of three defined segments. Since implementing BETS, it is a seven character alphanumeric code for Corporations and Partnerships activity. The three defined segments are:

- Payroll unit - The first three digits. The code 200 indicates that it is a machine-generated assessment.
- Program Budget Code - The fourth and fifth identify the departmental program element to which we attribute the revenue action.
- Profile Code - The optional sixth and seventh digits further define the program element or workload to which we attribute the revenue action.

For Corporations, we have historically referred to the last digits as the IRS Indicator and the Assessment Type. In the BETS system, the two digits are separate fields. However, we now refer to these two characters as the profile code.

IRS Indicators:

0 = Non RAR
1 = Voluntary RAR
2 = Non voluntary RAR

Assessment Types:

1 = Over-Assessment
2 = NPA (and O/A that reduces NPA)
3 = Jeopardy Assessment

REVENUE CODES

<u>Description</u>	<u>Field (F)</u> <u>Central</u> <u>(C)</u>	<u>Rev.</u> <u>Code</u>	<u>Explanation</u>
Personal Income Tax: Claims/Amended Returns	F/C	08XX	0893 Central Office only

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

PC ASTRA (field)	F	10XX	
C Corporation	F	1050	Related PIT Adjustment
540 ASTRA Misc.	F	1097	
540 NR	F	13XX	
Residence	F	1320	
Determination			
Fiduciary	F/C	14XX	Estates & Trusts
Partnerships	F/C	1510	Pulled for partnership; adjusted for partnership
Partnership (Claims)	F/C	1515	Claims
S Corporation	F/C	1530	Pulled for S-Corp; adjusted for S-Corp
S Corporation (Claims)	F/C	1535	Claims
CASE	F	1570	Pulled for LIT; adjusted for LIT
CASE	F	1571	Pulled for LIT; adjusted for partnership
CASE	F	1572	Pulled for LIT; adjusted for S-Corp
CASE	F	1573	Pulled for LIT; adjusted for C-Corp
CASE	F	1579	Pulled for LIT; adjusted for LLC
LLC (PIT)	F/C	1590	
RAR (field)	F	16XX	
C-Corporation	C	2250	Change to related PIT. Does not include 396 Central Office audits

REVENUE CODES

<u>Description</u>	<u>Field (F)</u> <u>Central</u> <u>(C)</u>	<u>Rev.</u> <u>Code</u>	<u>Explanation</u>
Personal Income Tax:			
PIT Audit	C	23XX	CASE audits
PIT Audit	C	2375	State Farm
RAR (Central)	C	24XX	
Trusts	C	2515	Trust Claims
Estates	C	2592	Estate Claims
Estates & Trust	C	2597	
RAR-Student	C	26XX	2601 Clerical RAR; 2602 Student
Assistant			RAR; 2603 TEFRA RAR
Student Assistant	C	2752	Substandard Housing
FE Residence	F/C	34XX	

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

Determination			
FE Investigations	F/C	35XX	
FE Illegal Tax	F/C	37XX	
Protestor			
FE Collections	F/C	39XX	
PC ASTRA	C	50XX	5030=Punitive Damages; 5032=F/E; 5076=Paid Amended Referrals 5097=Legal Support Referral
PIT Audit	C	5100- 5499	Prior year ASTRA
RAR-Classified Accts	C	51XX	Classified Accounts
Training (Field)	F	56XX	
RAR-Field Training	F	57XX	
Discovery (Central)	C	58XX	5810 Central Office Desk
Discovery (field) F	F	59XX	
	F/C	5910	Discovery - PIT Partner
Partnership (PIT Partner) - Discovery			

REVENUE CODES

Description	Field (F) Central (C)	Rev. Code	Explanation
Personal Income			
Tax:			
S-Corp (Discovery)	F/C	5911	Discovery
Clerical Audit	C	60XX- 69XX	
Training (Central)	C	67XX	
FE Clerical Audit	C	78XX	
Paraprofessional	C	90XX- 99XX	
Corporation Tax:			
Claims (non apport)	C	16XX	
Claims (non apport)	F	17XX	Field Claims
C Corp (non apport)	C	21XX	Includes Post Dissolution
Bankruptcy	C	24XX	
RAR (non apport)	C	28XX	
Investigations	F	35XX	

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

Non Apportioning Majors	F	44XX	
C Corp (non apport)	F	45XX	C Corp Adjustments
RAR (non apport)	F	48XX	
Partnership (Corp. Partner)	F/C	6610	Corp (S or C) partner adjustment
Partnership (Corp. Partner) – Claims	F/C	6615	Corp (S or C) partner adjustment - Claims
S Corporation	F/C	6630	
S Corporation (Claims)	F/C	6635	Claims
C Corp/ (Discovery – Non Apportion)	C	7280	<u>C Corp</u> – Banks, F/E, Credit Union COGS
Discovery (non apport)	F	75XX	

REVENUE CODES

<u>Description</u>	<u>Field (F)</u> <u>Central</u> <u>(C)</u>	<u>Rev.</u> <u>Code</u>	<u>Explanation</u>
Corporation Tax:			
Partnership (Corp Partner) - Discovery	F/C	7510	Corp (S or C) partner adjustment - Discovery
S Corporation (Discovery)	F/C	7511	Discovery
LLC (C Corp)	F/C	8490	
Training	C	92XX	
Training	F	96XX	

Reviewed: April 2003

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13510 Rules of Revenue Codes

Select the revenue code according to the activity that generates the assessment.

Credit an assessment of additional tax due to an audit to the appropriate revenue code. If the revenue is a combination of a Revenue Agent Report and another audit source, use the code reflecting the largest part of the adjustments.

Charge decreases to self-assessed tax, or abatements of self-assessed tax, to a revenue code showing what caused the decrease. If the decrease results from a combination of activities (RAR, Claim, and Audit), the code should reflect the largest part of the decrease.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

13600 PAYMENTS RECEIVED AT AUDIT

GTAM 13605	Payments Received at Audit-Electronic Funds Transfer (EFT)
GTAM 13610	Field Offices - Payments Received at Audit
GTAM 13611	Corporation Remittance - Form FTB 6352
GTAM 13612	PIT Remittance - Form FTB 6350
GTAM 13620	Central Office - Payments Received at Audit
GTAM 13650	Cash Bonds

Let taxpayers know about how long it will take before they get the Notices of Proposed Assessment, which normally takes two to four months. Give them the chance to pay proposed assessments at the audit's close. Tell taxpayers to write their account number on the check and the tax years to which we should apply the payment.

Be sure to notify Audit Business Support that payment was received from the taxpayer so that the NPA will be prepared correctly.

Process completed audits promptly. If there is a delay in processing, tell the taxpayer about the delay and note it in the event log.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13605 Payments Received at Audit-Electronic Funds Transfer (EFT)

Taxpayers subject to the Electronic Funds Transfer (EFT) requirements must also make Assessment payments through EFT. *Do not* accept a check from a taxpayer subject to the EFT payment requirements.

California law requires bank and corporation taxpayers who meet the following criteria to make all payments by EFT:

Beginning January 1, 1995

- Any taxpayer with any estimated tax payment or extension payment exceeding \$20,000, or
- Any taxpayer whose total tax liability exceeds \$80,000 for any taxable year beginning on or after January 1, 1995.

Once a taxpayer is declared a mandatory EFT participant, it must remit all corporate income and franchise tax payments through EFT regardless of the type of payment, the amount of payment, or the taxable year to which the payment applies. If the taxpayer remits payment by other means, we assess the taxpayer a penalty equal to 10 percent of the amount paid.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13610 Field Offices - Payments Received at Audit

When you receive payment in the field, prepare the remittance forms, FTB 6352 (Corp.) & 6350 (PIT), in duplicate. Give the original form, and the remittance, to the field office cashier for routing to Central Office:

Video Unit
Mailstop A-8.

Staple the duplicate copy of the form to the front of the *Audit Report* - Form FTB 6430 to alert the Review staff that the assessment has been paid. These forms are not required for Electronic Fund Transfer (EFT) payments. Make a comment in the Event Log and on the taxpayer's TI/BETS account that we have received the payment, and to which tax years the payment applies.

NOTE: Taxpayers that are subject to the Electronic Funds Transfer (EFT) requirements must also make NPA payments through EFT. *Do not* accept a check from a taxpayer subject to the EFT payment requirements.

California law requires bank and corporation taxpayers who meet the following criteria to remit all payments by EFT:

Beginning January 1, 1995

- Any taxpayer with any estimated tax payment or extension payment exceeding \$20,000, or
- Any taxpayer whose total tax liability exceeds \$80,000 for any taxable year beginning on or after January 1, 1995.

Once a taxpayer is declared a mandatory EFT participant, it must remit all corporate income and franchise tax payments through EFT regardless of the type of payment, the amount of payment, or the taxable year to which the payment applies. If the taxpayer remits payment by other means, we will assess the taxpayer a penalty equal to 10 percent of the amount paid.

Reviewed: April 2003

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

13611 Corporation Remittance - Form FTB 6352

Follow the instructions given for filling out form FTB 6352. (The instructions are included with the form.) In addition, at the bottom of the form, write in red, "*NPA not yet issued. Place payment in non-billable status.*" This alerts staff processing the payment so that it will not be refunded to the taxpayer, or posted to another tax liability.

Reviewed: November 2004

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13612 PIT Remittance - Form FTB 6350

IN-LIEU REMITTANCE DOCUMENT			
TAXPAYER'S NAME (1)		BR. CODE (6)	BATCH NO. (7)
ADDRESS (2)		ACCOUNT NO. (8)	
CITY, STATE (3)	ZIP CODE	DATE RECEIVED (9)	
SPOUSE'S NAME (4)		TAX YEAR (10)	DOC. CODE (11)
SPOUSE'S SSN (5)		AMOUNT PAID (12)	

FTB 6350 (REV 9 - 93)

The following information is keyed to the above *In-Lieu Remittance Document* - Form FTB 6350 (PIT):

1. Taxpayer's name.
2. Taxpayer's address.
3. Taxpayer's city, state, and zip code.
4. Spouse's name.
5. Spouse's SSN.
6. Field office payroll unit code (PUC).
7. Leave blank.
8. Taxpayer's account number (SSN plus first four letters of the taxpayer's last name).
9. Date of payment.
10. Tax year(s) involved.
11. Insert the correct code.
12. Amount of deficiency and interest per year.

At the bottom of the form, write in red, "*NPA not yet issued. Place payment in non-billable status.*"

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

Failure to follow the above procedures will cause the payment to post to a final/billable status. This will result in a refund to the taxpayer, or the application of the payment to a liability. Be sure to complete the form in *ink*.

Reviewed: April 2003

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

13620 Central Office - Payments Received at Audit

We will process any payment received by a Central Office auditor when Receiving opens the mail. They will provide a photocopy of the remittance to the Central Office auditor for the workpaper files. You should also note in the Event Log and on the taxpayer's TI/BETS account that we have received payment, and to which tax years the payment applies. **NOTE:** Taxpayers that are subject to the Electronic Funds Transfer requirements must also make NPA payments through EFT. *Do not* accept a check from a taxpayer subject to the EFT payment requirements. To avoid penalties, the taxpayer must make their payment using EFT.

NOTE: If you work in the Central Office and receive a payment at your desk, refer to the specific procedures (see GTAM 13610, *Field Offices - Payments Received at Audit*; see GTAM 13611, *Corporation Remittance - Form FTB 6352*; and see GTAM 13612, *PIT Remittance - Form FTB 6350*).
Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13650 Cash Bonds

Taxpayers can make payments to FTB in the form of a "cash bond". This cash bond stops the accrual of interest on the tax due. If the taxpayer makes a payment in the form of a "cash bond", and later wins at protest (or appeal), the "cash bond" is refunded to the taxpayer without interest. If the taxpayer wants to post a "cash bond", they must make the request in writing, and submit it with the payment.

A "cash bond" is different from payments made "as a payment of tax". "Payments of tax" are immediately credited to the taxpayer's account, or are placed in suspense pending the finalization of an NPA. Once the NPA goes final, we credit the payment to the liability on the NPA. If the taxpayer protests the NPA, and prevails at protest (or appeal) the payment of tax is refunded to the taxpayer, and we pay interest to the taxpayer from the date of the payment.

There are two main reasons why taxpayers might want to use a "cash bond". First, payment of a "bond" does not start the clock running for the 1-year refund statute of limitations after payment of tax. The 1-year statute begins whenever the "bond" becomes a "payment of tax". The "cash bond" becomes a "payment of tax" at the time the protest is resolved, and the NPA becomes due and payable, or whenever the taxpayer requests in writing to treat the bond as a "payment of tax".

Second, the taxpayer can ask for the money back at any time prior to the NPA becoming due and payable, and we will give it to them, again without interest, and subject to offset of other liabilities.

Fiscal Accounting will hold the money in a trust account. A cash bond payment is not posted to the taxpayer's TI/BETS account until it becomes a payment of tax.

What To Do When A Cash Bond Payment Is Received.

Prepare remittance forms (FTB 6352 for Corporations & FTB 6350 Personal Income Tax) when you receive a cash bond payment. However, do not process the payment. Route the original form and the remittance directly to:

Fiscal Accounting
MS-B23

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

At the bottom of the remittance form, write in red "Cash Bond Payment. Do not Process. Route payment directly to Fiscal Accounting, MS-B23". Make a copy and keep with the audit file.

Add a comment to the taxpayer's account on TI/BETS. Because the system does not show these payments, the comments are the only record on TI/BETS that a cash bond was received. If the case is on PASS, also record it in the Event Log. Include the following information:

- Cash bond payment received
- Date payment received by FTB
- Amount of payment and tax years
- Payment is held in Fiscal Accounting

Attach a sticky note to the PASS case to alert staff of the cash bond payment.

Closing The Case

Staple the copy of the remittance form to the front of the audit report Form FTB 6430 to alert the support staff to manually compute the interest.

Special Circumstances

Prior to the resolution of the case, the taxpayer may request (in writing) that the cash bond be a payment of tax, or the taxpayer may request a refund of the cash bond.

- Forward a copy of the taxpayer's request to Fiscal Accounting, authorizing them to release the funds for processing.
- Place a comment in the TI/BETS account and the PASS Event Log

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13700 ROUTING THE PHYSICAL & ELECTRONIC FILES

GTAM 13710	Field Office PASS Cases
GTAM 13720	Central Office PASS Cases
GTAM 13730	Field Offices Non-PASS Cases
GTAM 13740	Central Office Non-PASS Cases
GTAM 13750	Routing Short Statute of Limitations Cases
GTAM 13760	Rush Action Slip

When you are transferring a case, tell the recipient about any special needs such as a short Statute of Limitations or to direct the case to one specific person. Use a PASS Sticky Note. The Sticky Note is not a permanent part of the file. For additional information, see GTAM 14510, *Sticky Notes*.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13710 Field Office PASS Cases

To transfer a case to Central Office for processing/review, assemble the physical file according to the specific instructions (see GTAM 13260, *Assemble the Physical Case*). Physically route only the tax returns, Received Correspondence Index, Received Correspondence, and the Audit Report. Email the GTA Review group to notify Audit Business Support of the physical file's pending transfer.

Complete a [packing slip](#) for every package sent to Central Office.

Be sure to include a list of all cases included in the package and the UPS or USPS tracking number.

- Attach one copy of the packing slip in the package on top of all returns
- Email the packing slip to "GTA Review" mail id.

Route all files, physical and electronic, through Audit Business Support at mailstop D-734. You do not need to send cases using an overnight service unless they are sensitive or high priority because of close Statute of Limitation. However, using regular ground service may delay the receipt by 2-3 days. Do not send no-change overnight.

Use one of the approved courier services (Federal Express, UPS, or Golden State Overnight) for all cases. The United States Postal Service, USPS is no longer an approved courier for Confidential Return/Document delivery. Which service is used depends on your office. The important thing is that it has a tracking system in the event cases are lost or misrouted. Send the physical files to:

* * * * *

* * * * *

* * * * *

* * * * *

* * * * *

Do not address packages to the attention of Receiving. If you have cases to send to Audit Business Support and other cases/returns for someplace else (i.e. surveys need to go to Data Services and Storage Section) in one package, send

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

them to the street address above and Audit Business Support will sort them and route them to the appropriate places.

When sending any returns through courier service, please include a transmittal letter specifying how many cases/returns are in the package.

Transfer the electronic file to the *Audit Support/GTA Review* group worklist. See GTAM 13280, *Transfer Case/Case Unit to Next Level*, for additional information.

If the case includes a Statute of Limitations waiver, attach the original waiver to the face of the return to which it applies. For cases with pending Statutes, refer to the specific procedures (see GTAM 13750, *Routing Short Statute of Limitations Cases*). Remember to close the case on any non-PASS inventory systems.

NOTE: You can track parcels shipped by overnight mail service through the service's web site, or have the Shipping Desk in Service and Supply track the parcel for you [* * * * *]. The overnight mail service has a number of drop boxes. To find the nearest drop box, access their website. Enter your address and their search engine will locate the nearest drop box, list the pick up time, and show you a map. If you choose to use a drop box, contact our Shipping Desk to request the necessary shipping material.

NOTE: ((* *)) = Indicates confidential and/or proprietary information that has been deleted.

Reviewed: November 2004

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

13720 Central Office PASS Cases

Use the right sort bin to route the physical file. The physical file contains:

1. Received Correspondence Index, if needed.
2. Received Correspondence (includes photocopies, exhibits, and other items).
3. Tax Returns.

Generally, you should route all files, physical and electronic, through Audit Business Support (MAILSTOP D-734).

Assemble the case, and refer to your lead/supervisor if required. If the case has a Statute of Limitations waiver, attach the original waiver to the face of its return. For cases with pending Statutes, refer to the procedures (see GTAM 13750, *Routing Short Statute of Limitations Cases*). You should transfer the physical file when you transfer the electronic file. Failing to do so may cause lost files, expired Statutes, unprocessed Assessments, etc. Email the GTA Review group to let Audit Business Support know that the physical file's transfer is pending.

NOTE: Remember to close the case on any non-PASS inventory systems.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13730 Field Offices Non-PASS Cases

The only non-PASS cases worked by the field are those based only upon Revenue Agent Reports.

Complete the *Audit Report* - Form FTB 6430. We use this form as a transmittal document to Central Office. Include your and your audit supervisor's telephone number. Route all cases through Audit Business Support at MAILSTOP D-734. If routing the file through the state messenger service, complete and attach the *Messenger Route Slip* - Form 7000 (see GTAM 4500, *Referrals*, for more information). Email GTA Technical Resource Section to let Audit Business Support know that the physical file's transfer is pending.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13740 Central Office Non-PASS Cases

Route the case through the correct sort bin. Route all cases through Audit Business Support at MAILSTOP D-734. Send an email message to the GTA Review group email to notify Audit Business Support of the pending transfer of the physical file.

Assemble the case and refer to your lead/supervisor, if needed. If the case has a Statute of Limitations waiver, attach the original waiver to the face of it the return it applies to. For cases with short statutes of limitation, refer to the procedures (see GTAM 13750, *Routing Short Statute of Limitations Cases*). Remember to close the case on any non-PASS inventory systems.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13750 Routing Short Statute of Limitations Cases

Submit all cases to Audit Business Support/Review no fewer than six months before the statute of limitations expires.

See GTAM 10300, *Statute of Limitations/Time Limits - GTATRS Review*, for more information.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13760 Rush Action Slip

We use the *RUSH Action Slip* - Form FTB 7011 to route cases requiring controlled handling.



Check the "Support Section - Audit Bureau" box.

In the "Mail Notice to Taxpayer Not Later Than:" box, enter the statute date if it expires within six months.

Enter the names of all taxpayers involved. List the key case first.

Enter the corresponding account number (taxpayer identification number, social security number, corporation number, etc.).

In the "Type of Case" section, check the box that applies:

- Statute date - Enter statute date if expiring within six months.
- Jeopardy
- Bankruptcy
- Other - Check and enter explanation. We usually check this section when there are offsets, cases over one year old, claims, or tax clearance.

Number of Notices - Enter the total number of notices for both PIT and Corp. This includes both Assessments and Overassessments.

Enter the number of Assessments.

Enter the number of Over-assessments.

Consent - Leave blank.

Preparer - Enter your name.

Unit - Enter your payroll unit code.

Date

The *RUSH Action Slip*. Attach this form to the physical file for rush processing. Write/stamp the word, "**PASS**," in purple, on the upper right corner of the *RUSH Action Slip*. See GTAM 13700, *Routing the Physical & Electronic Files*, for case transfer procedures.

Reviewed: April 2003

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD
Internal Procedures Manual
General Tax Audit Manual

13800 PRESERVATION OF AUDIT FILES (LIM DATING)

GTAM 13810 Revenue Agent Report Procedures
GTAM 13820 Follow - Up Audit Issues

- *****
- *****
- *****
- *****
- *****
- *****

If you plan to preserve a return (and its associated audit workpapers) for an extended period, it must be "*LIM Dated*."

When a tax return must be kept beyond the normal period, we hold it in the LIM file. This file is kept in Data Services and Storage Section. Returns are destroyed after the normal retention period expires unless the return is LIM'd.

LIM date all tax returns and audit files resulting in an Assessment or Overassessment. If there is no adjustment to the tax year under examination, but there are possible future issues, that return should also be kept in the LIM file.

To LIM-Date a return, write the month (generally October) and year until which the documents should be kept. Write this date in green felt-pen as "**LIM MM/YYYY**" on the top left-hand corner of the return. Choose the date using the facts and circumstances of the examination.

NOTE: ((* * *)) = Indicates confidential and/or proprietary information that has been deleted.

Reviewed: November 2004

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
General Tax Audit Manual

13810 Revenue Agent Report Procedures

If the taxpayer's returns were filed, but not pulled, for a Revenue Agent Report adjustment, LIM the Report by writing the LIM date in **green** on the upper left corner of the Report and the Document Locator Number in **blue** on the upper right corner. If an ELF return, write "*ELF*" after the DLN. Do not attach a copy of the ELF return.

For non-filed returns, LIM the case by writing the LIM date in **green** at the top of the Revenue Agent Report. If there is no Document Locator Number, file the case in Alpha LIM by the taxpayer's last name.

NOTE: For multiple year Revenue Agent Reports, if no returns are pulled for the Revenue Agent Report adjustment, attach the workpapers behind the Report and use the latest year Document Locator Number for which we propose an adjustment.

Reviewed: April 2003

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual

General Tax Audit Manual

13820 Follow - Up Audit Issues

Audit adjustments often carry over to future tax years. PASS lets you set up a tickler on a case unit for a future year. You can put a Sticky Note on the case unit asking that the case unit be transferred back to you after the review and notice processes have finished (see GTAM 14510, *Sticky Notes*, for more information).

Reviewed: April 2003